

REMARKS

This Response is submitted under Rule 116 in order to place this application in condition for allowance.

Claims 3, 4, 7 and 8 are allowed. Claims 9-12 stand finally rejected under 35 U.S.C. §102(e) as being anticipated by Nichols et al. U.S. Patent No. 6,354,491 for the reasons set forth on pages 2-4 of the Office Action.

Applicant has canceled claims 9-12 without prejudice to the filing of one or more continuing applications. Accordingly, claims 3, 4, 7 and 8 are currently pending in this application.

As set forth in detail in the specification and drawings of the present application, and as discussed in previous Office Action responses, Applicant's invention is directed to a system and method for providing a comprehensive database source of information as to whether or not checks drawn on relevant accounts in the past have cleared and were paid. The database is used to verify and authenticate negotiable checks drawn on any account from any financial institution.

The database is generated by tracking checks received for processing and contains data representative of known accounts that are "in good standing" and data representative of accounts that are either closed or known to be "not in good standing." The database includes records of checking accounts at all financial institutions irrespective of whether a given institution contributed any data.

The present invention differs significantly from conventional check acceptance databases in that it does not require either the check writer's bank or any other entity to submit account data. Rather, a financial institution or other entity operating the system and method

according to the present invention collects data from all of the checks it receives from its depositors or customers for payment or processing.

In one aspect of the present invention, the financial institution presenting the check for payment to a paying bank can estimate the number of days it will take to be notified that the check is being returned unpaid by the paying bank. Once that number of days has passed, and the paying bank has not returned the check, the checking account status can be updated to show that the account is "in good standing", i.e., checks are being paid against that account.

The focus of the Nichols patent cited by the Examiner against claims 9-12 of the present application is on effecting payments for point-of-sale purchases. The Nichols system supports a purchase (i.e., using a check) authorization process whereby a consumer's checking account information is input by a merchant together with the purchase amount. An inquiry from the merchant's POS terminal is then directed to a computer data file center for authorization first against the system's "known" file of "checkwriter records" whereupon a current status field is verified. A status field listing the check writer record as "in good standing" results in a purchase approval; a status field listing the check writer record as "not in good standing" results in a purchase disapproval. Any inquiry not resulting in a match to a current status field in the system's "known" checkwriter database is passed to one or more additional databases residing on or external to the Nichols system such as the "SCAN" database referenced in the patent.

The Federal Circuit has instructed that anticipation requires the disclosure in a single prior art reference of each element of the claim under consideration. *See W.L. Gore & Assocs. v. Garlock, Inc.*, 220 USPQ 303 (Fed. Cir. 1983), *cert. denied*, 469 U.S. 841 (1984); *see also Lindemann Maschinenfabrik GmbH v. American Hoist & Derrick Co.*, 221 USPQ 481, 485

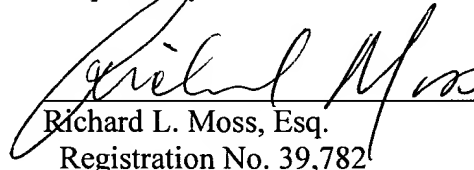
(Fed. Cir. 1984) (requiring that the prior art reference disclose each element of the claimed invention arranged as in the claim). Applicant respectfully submits that a review and reading of the Nichols reference makes clear that the reference does not disclose Applicant's system and method as claimed in claims 9-12, and the Nichols reference cannot anticipate or render these claims obvious.

However, to place the application in form for immediate allowance, Applicant has now canceled claims 9-12. Notice to the effect that the application is in form for allowance is earnestly solicited.

The Examiner is invited to contact Applicant's undersigned attorneys at the telephone number set forth below if it will advance the prosecution of this case.

It is believed that no fee is due with this Response other than the \$1,020.00 fee associated with the Petition for a Three-Month Extension of Time submitted herewith. Please charge any fee deficiency and credit any overpayment to the undersigned attorney's Deposit Account No. 50-0540.

Respectfully submitted,



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